



Memorandum of Agreement Between Air Force Materiel Command And Defense Contract Management Agency

This Memorandum of Agreement (MOA) is made and entered into for implementation starting FY2011 by and between the Headquarters Air Force Materiel Command (HQ AFMC) and the Defense Contract Management Agency (DCMA), each a "Party," and together, "the Parties."

WHEREAS, HQ AFMC and DCMA desire to establish an Agreement to enhance the collective ability of the Parties to provide the best value to Department of Defense (DoD) customers.

NOW, THEREFORE, it is hereby mutually agreed as follows:

I. Objective and Scope

This MOA establishes a framework to coordinate and align DCMA resources in support of HQ AFMC. It also highlights the key efforts necessary to enhance the collective ability of HQ AFMC and DCMA to provide the best value to DoD customers.

II. Roles and Responsibilities

- A. HQ AFMC-DCMA Executive Council: The Executive Council is an official semi-annual forum utilized by HQ AFMC and DCMA to review performance measures and to address prioritized issues to improve contract management. The Council is co-chaired by HQ AFMC/PK and DCMA-AQ, which includes Subject Matter Experts (SMEs) across HQ AFMC and DCMA enterprises.
- B. HQ AFMC functional 2-letter organizations will identify appropriate functional SMEs to participate on Integrated Process Teams (IPTs) formed in response to action items that result from Executive Council discussions.
- C. DCMA functional 2-letter organizations will identify SMEs to be on IPTs formed in response to action items that result from Executive Council discussions.
- D. DCMA Portfolio Management and Integration Executive Directorate will help enhance communications and real-time customer situational awareness, facilitate problem resolution, and provide customer education and training on DCMA products, services, capabilities and limitations.

- E. DCMA supports the Air Force Global Logistics Support Center by directing DCMA attention to poor-performing Strategic Suppliers. DCMA personnel, on-site at the 948 SCMG (WPAFB), will validate performance baselines, analyze available data, identify and prioritize systemic issues that affect readiness, create corrective action strategies, work resolution as IPT members, and monitor to ensure continuous improvement.

III. Performance Measures

The performance metrics for this MOA are contained in Appendix A. At each semi-annual meeting of the HQ AFMC-DCMA Executive Council, DCMA will report on these metrics. As the HQ AFMC and DCMA relationship matures and business systems evolve, goals and metrics may be refined, tracked, and reported in accordance with requirements set forth by the HQ AFMC-DCMA Executive Council.

IV. Business Process Improvement Efforts

Appendix B contains current business process improvement efforts which support MOA efforts.

V. Reporting Requirements

Appendix C contains reporting requirements for specific offices within HQ AFMC and DCMA, including responsible parties, frequency, and recipients of identified documents/reports.

VI. Revisions and Flexibility

The Agreement will take effect on the date signed by the principals and will remain in effect until rescinded by one or both Parties. The Agreement will be reviewed on an annual basis and amended as needed.

VII. Accountability and Oversight

To ensure the Parties enforce this agreement, each will commit adequate resources (e.g., funding and manpower support) necessary to achieve the required support levels. Neither party will seek reimbursement from the other for functions, activities or costs covered by this Agreement.

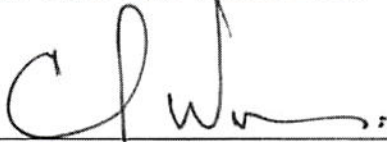
VIII. Existing and Future Agreements

- A. Order of Precedence. This MOA takes precedence in the event any inconsistencies are discovered between this document and existing applicable agreements between the Parties.
- B. The Executive Council will coordinate on all future agreements between the Parties to ensure they do not conflict with this document. All agreements between the

Parties that affect cross-cutting policy and business operations will be included as annexes.

- C. The Executive Council will recommend improvements to this agreement and may make minor administrative changes. Substantive modifications to this MOA must be executed in writing by either Parties' Agency Director or entrusted representative.

IN WITNESS WHEREOF,



CHARLIE E. WILLIAMS, JR.
Director
Defense Contract Management Agency

03 MAR 2011



DONALD J. HOFFMAN
General, USAF
Commander

03 MAR 2011

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Requirement	Measure(s)	DCMA Performance Indicator # and Functional Owner
Complete pricing support actions within 45 days of request date, or other mutually agreed upon due date.	<p>90% or better of pricing actions must be completed and delivered on-time (within 45 calendar days or other mutually agreed upon date)</p> <p>% on-time = $\frac{\text{\# completed by suspense date}}{\text{\# Pricing actions}}$</p> <p>Green: 90 – 100% Yellow: 80 – 89% Red: < 80%</p>	Performance Indicator PI #54 (Contracts)
Proposal pricing due dates acceptable to the customer acknowledged and established within 5 calendar days of request.	<p>90% or better of the time established due dates, acceptable to the customer within 5 calendar days of request:</p> <p>% on-time = $\frac{\text{\# acknowledged}}{\text{\# received}}$</p> <p>Green: 90 – 100% Yellow: 80 – 89% Red: < 80%</p>	(PI) #55 (Contracts)
Conduct timely contract closeout IAW FAR 4.8.	Reduce the number of contracts past overage date at a 10% annual rate.	PI #47 (Contracts)
Final overhead negotiations completed within a 27 or 36 month cycle for major and non-major contractors.	<p>For AFMC's top 5 strategic suppliers - achieve a 10% annualized reduction in the number of overage relative to the baseline - TBD FY 2011.</p> <p>(Sort for AFMC Top 5 Strategic Supplier CAGE codes only)</p>	PI #57 (Contracts)
Measure the supplier's ability to deliver products prior to or on contractually required delivery date. This applies only to contracts	<p>% of on-time schedules = $\frac{\text{\# of on-time schedules}}{\text{\# of schedules due monthly}}$</p> <p>Green: 80-100% Yellow: 69-79% Red: 68% or less</p>	PI # 16 (Manufacturing)

Sort by AFMC DoDAAC/Buying Activity Code unless otherwise noted.

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that contain a Surveillance Critical Designator (SCD) code of A or B as defined by FAR 42.1105.		
Measure DCMA's ability to report potential shipping delays to the customer prior to the Delivery Schedule Date IAW FAR 42.302(a)(31). This applies only to contracts that contain a SCD code of A or B as defined by FAR 42.1105.	<p>80% of Delay Notices (DN) are proactive by 30 or more calendar days</p> <p>Monthly performance % = $\frac{\text{total delinquent schedules this month w/30 days or > proactive DN}}{\text{Total delinquent schedules this month}}$</p> <p>Green: 80-100% Yellow: 69-79% Red: 68% or less</p>	PI # 17 (Manufacturing)
Provide timely review and submission of recommendations on subcontracting plans.	<p>95% or greater of the Pre-Award Subcontracting Plan Reviews completed within seven working days after the date of request.</p> <p>% on-time = $\frac{\# \text{ of on-time reviews}}{\# \text{ of scheduled reviews}}$</p>	PI #136 (Contracts – Small Business)
Provide on-time completion and submission of the annual performance reviews issued under the DoD Mentor-Protégé Program.	<p>85% of Mentor-Protégé Program reviews completed within ten working days after the date of request).</p> <p>% on-time= $\frac{\# \text{ of on-time reviews}}{\# \text{ of scheduled reviews}}$</p>	PI #137 (Contracts - Small Business)
Perform Industrial Capability Assessments identified in an annual study plan in support of	85% of requested Industrial Capability Assessments negotiated with HQ AFMC and identified in an annual study plan are delivered on-time (completed on or before the negotiated due date) and at a quality level satisfactory to the customer.	PI #13 (Industrial Analysis)

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<p>contemplated or planned Commodity Council spirals. Assessments may include surge capacity analysis, mergers and acquisitions, market surveillance, industrial capability/sectors/health, or supplier risk and Depot Source of Repair (DSOR) analyses for contemplated or planned Commodity Council spirals.</p>	<p>% on-time= $\frac{\text{\# of on-time request}}{\text{\# identified}}$</p> <p>Green: 85 – 100% Yellow: 80 – 84% Red: < 80%</p>	
<p>When DCMA receives Contractor's request to accept product, the QAR will promptly accept/ reject that request within Wide Area Work Flow (WAWF).</p>	<p>90% of acceptance documents handled within two business days is the goal, when the QAR is in residence or within seven business days otherwise.</p> <p>% on-time= $\frac{\text{\# on-time}}{\text{\# of requests}}$</p> <p>Green: 90-100% Yellow: 80-89% Red: <80%</p>	<p>Unique metric (QA)</p>

Sort by AFMC DoDAAC/Buying Activity Code unless otherwise noted.

HQ AFMC-DCMA Memorandum of Agreement Focus Areas

Appendix B

This agreement is made in the context of initiatives currently being undertaken by HQ AFMC and DCMA. The Memorandum of Agreement (MOA) is designed to synchronize HQ AFMC and DCMA initiatives with the current goals and objectives of DoD's acquisition and logistics enterprise. The following are current business process improvement efforts which support MOA efforts:

I. Supplier Relationship Management: HQ AFMC has developed strategic supplier relationships that involve partnering with certain key suppliers who are either sole source original equipment manufacturers, have extensive long-term corporate contracts or are providers of tailored logistics services as well as parts. DCMA will actively support these partnerships through appropriate participation in improvement teams, Executive Steering Groups and other relevant meetings. During the fourth quarter of each fiscal year, 948 SCMG agrees to provide an annual update to its strategic supplier list to DCMA.

II. Contracts:

- A. DCMA agrees to provide management oversight and status of contractor business systems such as accounting, estimating, purchasing and property for the Top 5 Strategic Suppliers. Status will be provided through charts at Partnership Council meetings.
- B. HQ AFMC Contracting Officers and DCMA will agree to the scope and timing of any requested DCMA pricing support necessary to meet HQ AFMC customer requirements.
- C. Additionally, the Parties recognize that Forward Pricing Rate Agreements (FPRAs) and Forward Pricing Rate Recommendations (FPRRs) are essential elements of the cost and pricing process. HQ AFMC and DCMA recognize that FPRAs/FPRRs are established for those contractors that are considered "Beneficial Segments." A "Beneficial Segment" is defined as those contractor segments that the Administrative Contracting Officer (ACO) believes will have significant volume of proposal pricing activity. DCMA will send a quarterly FPRA/FPRR report to HQ AFMC/PKQI listing the rate status of all Beneficial Segments. DCMA's goal is to have FPRA or FPRR coverage at all times at these "beneficial segments." Should the buying office require rate recommendations for contractors not considered "beneficial segments," such requests will be considered as a pricing support case and measured using the pricing performance indicators.
- D. DCMA and HQ AFMC will jointly review critical contracts, such as those for aircraft overhaul, maintenance, retrofit or for new procurement, seeking ways to improve contract efficiency, cost and overall aircraft readiness.

III. Production Surveillance Support:

- A. Both Parties agree that the primary method for communicating potential contractor delays and responding to customer requests is through DCMA's automated Delivery Schedule Manager (DSM) eBusiness application. DCMA agrees to provide the latest version of DSM training to HQ AFMC personnel when requested. Additionally, DCMA

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agrees to provide a status report during each Partnership Council meeting regarding the number of HQ AFMC personnel trained.

- B. HQ AFMC agrees to ensure that issued contracts contain the proper Surveillance Criticality Designator (SCD) code as defined by FAR 42.1105. HQ AFMC/PKXT confirms that the Automated Contract Preparation System (ACPS) was updated in June 2010 to no longer default to "C," and ConWrite will be updated to have no default in Calendar year 2011. HQ AFMC agrees to reinforce the importance of properly coding contract actions in ACPS/ConWrite, as it pertains to the recent update of ACPS and future update of ConWrite, for selecting the appropriate SCD Code A, B or C. HQ AFMC will communicate the recent and future updates to these contract writing systems to HQ AFMC field offices.
- C. HQ AFMC and DCMA agree to work together to provide data demonstrating that contracts are being coded correctly as SCD Code A, B or C.
- D. HQ AFMC and DCMA will review problematic aircraft overhaul, maintenance and retrofit contracts/contractors seeking root cause analysis/lessons learned to improve quality and delivery that conforms to new or modified contracts.

IV. Earned Value Management:

- A. DCMA is DoD's Executive Agent for Earned Value Management Systems (EVMS). In this role, the DCMA Contract Management Office (CMO) conducts EVMS surveillance for suppliers on a site-specific basis. Surveillance activities include Control Account Manager interviews and other data review and analysis.
 - 1. Surveillance is conducted to confirm supplier processes and procedures continue to satisfy the ANSI/EIA-748 Standard 32 Guidelines and to ensure supplier processes and procedures are being followed.
 - 2. The product of the EVMS surveillance activities is a Standard Surveillance Report (SSR). CMOs issue SSRs on a monthly basis in accordance with an Annual EVMS surveillance Schedule, although SSRs may report on multiple processes and be issued less frequently if approved by the EVM Center.
- B. DCMA extends an invitation to HQ AFMC/FM to participate in the standard surveillance activities. Also, as part of the MOA, the DCMA EVM Center will arrange for CMOs cognizant of HQ AFMC programs to deliver completed SSRs on a quarterly basis. Delivery of these items will be tracked informally by the individual CMO.

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V. Small Business Program Support:

- A. DCMA agrees to provide prompt review of Small Business Subcontracting Plans. Turn-around time for such reviews will be within 7-working days after receipt of the request.
- B. The DCMA Small Business Specialist will participate, upon request, in pre-award reviews, source selection activities and negotiations. This participation may include review of the Small Business participation plans. These plans may be reviewed to ensure reasonable and realistic goals and approaches are addressed.
- C. Should DCMA conduct a Program Review on any of the HQ AFMC Strategic Suppliers, copies of those subject reviews will be provided to the HQ AFMC Small Business Office. The reviews will consist of the following elements:
 - 1. Validation of the prime contractor's methodology for preparing and submitting the Individual Subcontract Report (ISR) and SSR in the Electronic Subcontracting Reporting System (eSRS). This includes formal validation (hard copy self-certification) of small businesses being utilized by the Other-than-Small Business.
 - 2. Five-year trend analysis of goals and dollars in the socio-economic categories.
 - 3. Overall evaluation of the prime contractor's small business program.
 - 4. Analysis of Subcontracting Plan goal attainment (sampling)
 - a. Purchase orders to large business.
 - b. Follow-up on previous recommendations.
- D. DCMA will collaborate with designated Small Business Representative(s) from HQ AFMC to achieve the desired outcomes in the annual negotiations of socio-economic goals and program specific activities for contractors involved in the Comprehensive Program. In addition, DCMA will provide HQ AFMC Small Business Office copies of the annual DD 640 Report for all participants under the DoD Comprehensive Subcontracting Plan (Test Program) and copies of the annual Program Specific Reporting where the Air Force is designated as the responsible service.
- E. DCMA will conduct annual performance reviews of the progress and accomplishments realized under approved mentor-protégé agreements. These reviews will verify data provided on the semiannual reports. Copies of these reviews will be provided to HQ AFMC Small Business Office.

VI. Property Management Support:

- A. DCMA will ensure contractors conduct timely disposition of Government Furnished Property (GFP) when no longer needed for contract performance or IAW contractual terms and conditions.

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- B. The Office of the Under Secretary of Defense (Acquisition, Technology & Logistics) memorandum dated October 16, 2008, requested, among other things, that Nuclear Weapons Related Materiel (NWRM) not tracked as part of the end item undergo a 100 percent physical count by Unique Item Identifier (UII) at least semi-annually. Accordingly, HQ AFMC conducts physical inventories of NWRM located at contractor sites, some of which are administered by DCMA. DCMA property and quality personnel support HQ AFMC's efforts by providing resources to help oversee contractor physical inventory efforts.

VII. Industrial Analysis Support:

- A. HQ AFMC (AFRL/RXM) will provide a consolidated list of annual Industrial Capability Assessment requirements from Commodity Councils, Program Executive Officers and functional leads. HQ AFMC (AFRL/RXM) and DCMA will jointly prioritize and schedule the required assessments for incorporation into DCMA's Industrial Analysis Center's (IAC) annual study plan. Tasking will be accepted based on Center workload and availability of resources. Assessments may include surge capacity analysis, market research, industrial capability/sectors/health or supplier risk and Depot Source of Repair analyses for contemplated or planned acquisition and sustainment programs.
- B. DCMA will provide HQ AFMC with information concerning the role and capabilities of the IAC including scope, limitations, type of information available, etc. This will include instructions on how to engage the IAC for out-of-cycle requirements.
- C. DCMA will provide read only access to existing reports/information resident in the DCMA Industrial Base Analysis Community portal or other appropriate system(s). Issues should include: (1) organization points of entry, process tools (boilerplate documents, briefings, reference guides, etc.), (2) location of information such as web portals and DAU acquisition guide, (3) training requirements/opportunities and (4) resources in terms of expertise and associated cost (preferred funds transfer mechanisms), if any.

VIII. Quality Assurance (QA):

- A. When DCMA discovers a non-conformity associated with a Supplier's Quality Management System, processes or product characteristics, the Quality Assurance Representative (QAR) will notify the supplier and request appropriate corrective action via a Corrective Action Request (CAR). On a quarterly basis, DCMA will provide an executive summary CAR report to 948 SCMG, HQ AFMC/A4US and HQ AFMC/EN regarding HQ AFMC-identified Strategic Suppliers and include detailed data as back-up. HQ AFMC will utilize the CAR to validate supplier's performance and to prepare for potential issues.

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- B. HQ AFMC and DCMA will establish a one-time working group to assess the current state of the industrial base to complete the objectives of the Titanium Task Force. The working group will assess the flow down of requirements from the government customer throughout the supply chain. The working group will make recommendations on how to ensure that the resultant material and products meet customer requirements. The working group will support adoption of the Quality Assurance Provision (QAP) developed by the Titanium Task Force for inclusion as a Procurement Guidance Instruction (PGI) by the DAR Council.
- C. When systemic or critical nonconformities are discovered, the QAR will notify the Supplier's Senior Management via a Level III CAR. When a Level III has been ineffective, a Level IV will be issued which can result in contractual remedies such as suspension of progress payments or product acceptance activities, termination for default and suspension or debarment, in accordance with applicable FAR/DFARS policies and procedures. On a quarterly basis, DCMA will provide a copy of the detailed Level III CAR for those contractors having systemic or critical nonconformities with Air Force contracts/programs. HQ AFMC will utilize this information as a supplement to its own market/supplier intelligence, to better understand its suppliers, as well as the overall aerospace and defense market space.
- D. DCMA prepares risk-based Government Quality Assurance Surveillance Plans (QASP) at the contract/program or facility level. The surveillance plans will vary based on the contractual quality, technical requirements and associated risks. On a quarterly basis, DCMA will provide HQ AFMC status on QASPs developed for the Top 5 Strategic Suppliers (with applicable Commercial and Government Entity (CAGE) Codes) identified by 948 SCMG. HQ AFMC will provide a quarterly status update concerning its evaluation of the QA information provided by DCMA, no later than 30 days after receiving DCMA's report(s).

IX. Customer Oriented Reports: DCMA agrees to provide access to HQ AFMC to Customer Oriented Reports (COR) to allow them to pull information on Contract Closeout, Contractor On-Time History by NSN, Contractor On-Time History by CAGE, Delivery Schedule by NSN, Disbursement History by Accounting Station and Disbursement history by Contract. This is achieved utilizing a user friendly interface to access DCMA information with the ability to extract relevant information by buying activity codes. DCMA Customer Liaison Representatives will provide training and assistance in obtaining user accounts.

HQ AFMC-DCMA Memorandum of Agreement Reporting Requirements

Appendix C

Reporting Requirement	Responsible Party	Frequency	Recipient
HQ AFMC strategic supplier list (I)	948 SCMG	Annually 4 th qtr	DCMA-PI
Status of Contractor Business Systems for Top Five Strategic Suppliers (II.A)	DCMA-AQC	Semi-annually at MOA Council meetings	948 SCMG
FPRA/FPRR Report (II.C)	DCMA-AQC	Quarterly	HQ AFMC/PKQI
DSM Training Status Report (III.A)	DCMA-ITB	Semi-annually at MOA Council meetings	948 SCMG
SCD Coding Status Report (III.B)	HQ AFMC/PKQP	Semi-annually at MOA Council meetings	DCMA-EAE
EVMS Standard Surveillance Reports (IV.A.2)	DCMAN-V	Quarterly	HQ AFMC/FM
Small Business Program Review on Strategic Suppliers (V.C)	DCMA-AQS	Each review	HQ AFMC/SB
Small Business DD640 Report (V.D)	DCMA-AQS	Annually	HQ AFMC/SB
Small Business Mentor-Protégé Reviews (V.E)	DCMA-AQS	Each Review	HQ AFMC/SB
HQ AFMC Consolidated listing of Industrial Capability Assessments requirements (VII.A)	AFRL/RXM	Annually	DCMAN-S
DCMA Industrial Capability Assessments (VII.A)	DCMAN-S	Each Assessment	AFRL/RXM
Corrective Action Report (CAR) Executive Summary with backup data (VIII.A) and Level III CAR's	DCMA-QA	Quarterly	948 SCMG (ESSF), HQ AFMC/EN & HQ AFMC/A4US
Quarterly Status for QASP's Developed for the Top Five Strategic Suppliers (VIII.A)	DCMA-QA	Quarterly	948 SCMG (ESSF), HQ AFMC/EN & HQ AFMC/A4US